

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 99-748

December 7, 1999

FOX ISLAND ELECTRIC COOPERATIVE, INC.
KENNEBUNK LIGHT & POWER COMPANY

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

In this Order, we grant the request of Fox Islands Electric Cooperative (FIEC) and Kennebunk Light and Power District (KLPD) that they be directed to provide for default service in their respective service territories pursuant to 35-A M.R.S.A. § 3212(2).

II. BACKGROUND

Pursuant to 35-A M.R.S.A. § 3212 (6), FIEC and KLPD conducted a bidding procedure to select a standard offer provider for customers in their service territories. On October 21, 1999, FIEC and KLPD filed a letter indicating that no entity submitted a proposal to provide standard offer service in either of the service territories. Accordingly, each utility requests that the Commission require them to provide default service pursuant to 35-A M.R.S.A. § 3212 (2). FIEC and KLPD note that they each have existing requirements power supply contracts which have favorable rates. They request that these contracts be used for default service in the utility territories until the termination of the requirements contracts in 2002 or until February 28, 2001 (the end of the first standard offer period).

III. DISCUSSION

Section 3212 (2) states in relevant part:

Notwithstanding any other provision in this Title, the commission may, in the event that the commission¹ receives no bids to provide standard-offer service in a transmission and distribution utility's territory...require the transmission and distribution utility to arrange and to provide for default service.

¹ Section 3212(6) allows consumer-owned utilities (COU) to opt to conduct the standard offer bid process for their service territories. For this reason, the COU is in the place of the Commission for purposes of Section 3212(2).

This section was added to the restructuring statute during the last session as a contingency in the event no standard offer bids were received for a utility service territory. In such an event, the Commission is explicitly authorized to require a utility to provide default service through the wholesale market.

Because FIEC and KLPD did not receive any bids in their standard offer solicitation, it is in the public interest for the utilities to provide default services and they are, thus, directed to do so. We also find it to be in the public interest for the utilities to use their current requirements contracts as the source for default service. These contracts have a demand charge so that, the actual rate for default service will be adjusted somewhat each month. Consequently, the default service rate (which is the rate customers avoid by choosing a competitive electricity provider) cannot be precisely determined in advance. The utilities have indicated that in January, they will announce a close approximation of what the rate will be in March, 2000, so that both customers and competitive providers will know the default rate for generation services in these two utility territories.

Finally, because the selection of a standard offer provider through a bid process is favored over the utility providing default service, we direct the utilities to provide default service only through the first standard offer period (ending February, 28, 2001). However, the utilities may petition the Commission to be relieved from conducting a bid process for the second year if the then existing market conditions indicate such a bid process would not likely yield more attractive proposals than the current wholesale contracts. Under such a circumstance or if a bid process is conducted for the second standard offer period and fails, the utilities can again request that they be directed to provide default service.

Dated at Augusta, Maine, this 7th day of December, 1999.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.